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Business Concerns Could Lead To A Smaller New Orleans

By [BOB DART](#), [JEFF NESMITH](#)

Cox News Service

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NEW ORLEANS — Before Hurricane Rita delivered a second slap to this devastated city, work had already resumed on the Mardi Gras floats that a party-loving populace promises will pass through a crowded French Quarter in February.

"We're bringing New Orleans back," said Mayor Ray Nagin. "I'm tired of hearing these helicopters. I want to hear some jazz."

Banks, insurers and potential investors will be listening for another sound. They want to hear assurances that their money will be safe in what Nagin describes as a "new New Orleans."

Many think that the realities of geography and climate are going to dictate major changes in the way the city is rebuilt and protected.

Even Nagin concedes that when the good times roll again, they'll do so through a dramatically different — and smaller — New Orleans.

Speaking to state legislators and local officials at the Capitol in Baton Rouge last week, Nagin described a city with a population of about 250,000 for the foreseeable future. That's about half as many people who lived in the Big Easy before Hurricane Katrina emptied and devastated the city Aug. 29.

Nagin cautioned returning residents to be prepared for shock. "This is not the same city" that they left as the historic storm arrived, he said.

Ironically, one of the first conventions the city lost because of the hurricane, that of the National Association of Insurance Commissioners, was to discuss the implications of climate change.

A report prepared for the discussion warned that U.S. insurers, governments and consumers are at enormous risk from escalating losses from hurricanes and other weather-related events because of global warming.

The report was written by Evan Mills, a scientist with the Department of Energy's Lawrence Berkeley National Laboratory; Richard Roth Jr., former assistant commissioner at the California Department of Insurance, and Eugene Lecomte, president emeritus at the Institute for Business and Home Safety in Boston.

The authors noted that it is impossible to attribute Katrina, or any other individual hurricane, to global warming.

But they warned that for consumers and businesses in Florida, Texas, California and elsewhere, weather-related losses are causing sharply higher insurance premiums, lowered damage limits and increased restrictions on coverage.

The same insurance industry responses to Katrina will undoubtedly help shape the way New Orleans

rebuilt, Mills said in an interview.

John Casbon, executive vice president of First American Title Insurance Company, with offices in the French Quarter, said that without a new levee system, big corporations will avoid investing in a still-vulnerable city.

The federal government is going to have to have to build a "world-class levee system" to protect New Orleans, Casbon said.

"We don't want a duct-tape job," he said. "It's going to have to be a world-class levee system."

But simply repairing levees "is not going to be the silver bullet," said Michael Wermuth, director of homeland security for the RAND Corp. "It seems to me there is no simple solution that will satisfy the concerns of the insurance industry and business interests," he said.

He said Louisiana may have to follow the lead of the California state legislature, which enacted unprecedentedly strict building codes and made costly infrastructure changes in the aftermath of recent earthquakes.

"They will need better drainage systems and a lot of other things," he said. "I think even raising the level of some of the land in the city, as expensive as that would be, has to be on the table."

Meanwhile, for the time being, New Orleans will have to settle for a fixed-up levee, rather than a "world-class" system.

Army Corps of Engineers spokeswoman Dana Finney said the agency is working on plans to get 350 miles of levees New Orleans and southern Louisiana repaired by Dec. 1.

That will mean restoring breached portions to heights of 10 feet, or the previous height, whichever is less.

"If you had a 12-foot section that was washed down to six feet, we would put it back to 10 feet," she said. "If it was seven feet and washed to three feet, it would be built back to seven feet."

By the beginning of next year's hurricane season, the Corps expects to have levees back to "pre-Katrina condition," she said.

Next, she said, the Corps expects to move ahead with an analysis of the costs and benefits of a new system.

"It's really going to be a question of cost," she said. "Someone will have to decide what the acceptable level of risk for New Orleans is to be and how much it will cost to protect to that level."

City officials remain optimistic that the new safety measures will overcome the fears that images of the staggering impact of Katrina could threaten the future of the city's tourism and convention industries, the financial fuel that runs New Orleans. Visitors spend \$5 billion a year in the city, and 40 percent comes from conventions and business travel.

Tourism accounts for 81,000 New Orleans jobs, said Angele(cq) Davis, the Louisiana secretary of culture, recreation and tourism.

The hurricane and subsequent flooding spared the city's historic and cultural landmarks, Davis said in a TV interview Thursday. "We're going to focus on rebuilding New Orleans better than it was," she said.

Annie Lewis, who owns several buildings in the French Quarter, predicted that tourists will return as

soon as hotels and restaurants reopen.

"They're going to want to see what's happened to New Orleans," she said.

University of Texas professor Dan Hamermesh agreed that it's too early to assume the storm will sap future investment activity.

"I'm always amazed at how quickly people forget things," he said. "I don't see New Orleans losing a lot of business, and I'm not sure that in the end that it's not going to be as good or better an investment as it was in the past."

The mayor, meanwhile, vows that the city won't wait to start repopulating and rebuilding the city.

"As soon as Rita gets out of the Gulf, we will start the re-entry program again," Nagin said.

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